

More on Mr Fothergill's and Jersey

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The [Telegraph highlighted concerns](#) about seed and horticultural companies abusing the Channel Islands' for VAT purposes yesterday.

Mr Fothergill's seems to have spent some time and effort on setting up its Jersey tax structure. So much so that it's advertised as a case study on the web, [here](#).

Note it says that advice was provided on:

ensur[ing] the preferable VAT arrangements already in place were not compromised

But I should add in all fairness that there is [some evidence of local sourcing too](#).

So maybe a case of 'mix 'n' match' to secure the best tax outcome? It certainly has that feel about it.

I have no problem with locally sourced product using the exemption. It's the round tripping I object to - and that article did imply it was Thompson & Morgan doing that.

More information would be appreciated.

But one interesting thing: the local Fothergills partner is called Blooming Direct, [of which it is reported](#):

With many years experience in the mail order garden retail industry to offer, Blooming Direct is an evolving family run business, offering a unique selection of plants, flowers and garden accessories. Founded in 2007, the business is situated in St. Martin (Jersey) and also offers a rich source of advice in its popular Gardeners Blog.

That's an interesting interpretation of 'many years'.

It's also odd that the company was set up only three months before Fothergill's signed an agreement with it. That's might confidence on their part even if the team were clearly experienced elsewhere.

One other odd thing: the same web site says:

The company is a family run horticultural business and is totally committed to maintaining high standards of quality. Blooming Direct attracted funding support from the States of Jersey (local government) by way of a "Rural Initiative Scheme" aimed at promoting diversification and enterprise within local agriculture and horticulture. This funding has enabled the company to bring quality garden products to their customers in and out of Jersey.

So the States of Jersey went out of its way to help establish a business that would exploit the VAT scheme when local ownership became a condition of its use? And Fothergills reorganised their business by chance at that same time to make sure the "preferable VAT arrangements already in place were not compromised"? All very odd. And just a coincidence? Or indication that the States was going out of its way to encourage business that exploited this loophole?

What, above all else, this does suggest is that the horticultural industry, for which VAT low value consignment relief was first set up, looks as though it has also joined in exploiting it. And if that's true that is yet more reason for reforming it.

NB: Thanks to sources in Jersey who researched some of this